



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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February 2, 1998

CERTIFIED RETURN RECEIPT

P 074 976 626

Robert B. Thomas  
Rancho Equipment Services  
5626 North 3000 West  
Delta, Utah 84624-7050

Re: Status of Bond Cancellation Notice, Rancho Equipment Services, Topaz Valley Limestone Mine, M/023/022, Juab County, Utah

Dear Mr. Thomas:

On January 22, 1998 we received written notification from United States Fidelity and Guaranty Company that they were canceling surety bond # [redacted] issued on behalf of Meadow Valley Contractors, Inc. This surety is being held for reclamation of your Topaz Valley Limestone Mine. The effective date of cancellation will be June 7, 1998.

On January 22, 1998, Tom Munson, of our staff called you and was informed that you would contact Meadow Valley Contractors, Inc. to straighten out this bonding situation. This letter is to formally advise you that a replacement surety will need to be posted with the Division before April 17, 1998. Section 40-8-14.(5) of the Utah Mined Land Reclamation Act (Act) requires a large mine operator to maintain surety (at all times) until formally released by the Division. If this surety is not replaced by April 17th, we will need to begin formal bond forfeiture proceedings at a hearing before our Board of Oil, Gas and Mining. Before the Board can order bond forfeiture, advance public notice (30 day) is required allowing sufficient time for receipt of public comment before the hearing is scheduled. The forfeiture action would need to be scheduled before the bond cancellation date (i.e., during the May 28, 1998 Board Hearing). We trust that this action will not be necessary and that you will endeavor to have a replacement reclamation surety to us in a timely manner.

You last replaced your reclamation surety in June of 1996. On July 2, 1996, we informed you by letter (copy enclosed) that a new Reclamation Contract (FORM MR-RC) was required to accompany the new bond. We forwarded a partially completed Reclamation Contract to you for completion. We have no record of receiving the new contract, therefore, the 1996 replacement surety was never finalized and formally signed by our Board Chairman and Division Director.

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Robert B. Thomas  
M/023/022  
February 2, 1998

Our Board has asked that when a surety is changed, we update the surety to reflect current year dollars and escalate that amount five years into the future. Sureties are normally reviewed on a five year basis for accuracy and adequacy. The last bond calculation for this site was performed in February 1994 and escalated to 1999 dollars. In order to make an accurate surety calculation, a complete mine site evaluation is usually performed to assess the current onsite conditions. Any changes in reclamation requirements and adjustments to the surety amount are made accordingly. Due to staff work loads and other permitting priorities, we will not have the opportunity to perform a complete mine site evaluation in the near term. Therefore, we have updated the last surety calculation to reflect 1998 dollars and escalated that amount to 2003 dollars (surety estimate update enclosed). The new bond amount is \$40,900. Please note that this amount may be subject to further adjustment once our staff have performed a thorough onsite evaluation.

Please notify our office of the type of replacement surety you will be posting so we can provide you with the appropriate surety form. We have enclosed a new Reclamation Contract (Form MR-RC), which will need to be completed and returned with the appropriate replacement surety forms.

Thank you for your prompt attention in resolving this matter. If you have any questions regarding this letter, please contact me at (801) 538-5286, Tony Gallegos at 538-5267, or Tom Munson at 538-5321.

Sincerely,

A handwritten signature in black ink that reads "D. Wayne Hedberg". The signature is written in a cursive, flowing style with a large, stylized "H" and "B".

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosures: surety estimate update, MR-RC, 7/2/96 letter  
cc: Rex Rowley, BLM, Fillmore Office  
M023022.bnd

**SURETY ESTIMATE UPDATE**

last revision

02/02/98

filename m23-22up wb2

Rancho Equipment Services

Topaz Valley Limestone Quarry M/023/022 Juab County

Prepared by Utah Division of Oil, Gas &amp; Mining

**DESCRIPTION:**

- This surety estimate update is based on the 2/24/94 Division estimate.
- This update assumes there have been no significant changes since final approval.
- The previous surety estimate was \$35,300 in terms of year 1999 dollars.
- This surety estimate is due for a 5-year review in 2003 unless operations have changed significantly since the final approval.
- This estimate uses \$32,886 in year 1994 dollars as the base amount for adjusting.
- The actual escalation factor for 1997 was not available at the time of this update.
- Escalation factors through 1996 are actual Means Historical Cost Indices.
- Total disturbed area = 15.8 ACRES

CALCULATIONS	ESCAL		BOND	NOTES
	YR	FACTOR	AMOUNT	
	1992	0.0221	\$0	
$F = P(1 + i)^{**n}$	1993	0.0261	\$0	
F = Future Sum	1994	0.0321	\$32,886	base amount & year
P = Present Sum	1995	0.0193	\$33,521	
i = Escalation Factor	1996	0.0242	\$34,332	
n = number of periods	1997	0.0252	\$35,197	
	1998	0.0252	\$36,084	
Three Yr Average = 2.52%	1999	0.0252	\$36,993	
Used to Project 5 Yrs	2000	0.0252	\$37,926	
Into the Future	2001	0.0252	\$38,881	
From the Year 1998	2002	0.0252	\$39,861	
	2002	0.0252	\$40,866	

**Updated Surety Amount Rounded (2003-\$)****\$40,900**

Average cost per acre =

\$2,589 (\$/ACRE)